

April 30, 2010

The Honorable JoBeth Smith, Mayor  
City of Leon  
City Hall - 104 W. 1st St.  
P.O. Box 210  
Leon, IA 50144-0210

SUBJECT:       **Contract Recipient: Leon**  
                  **Contract Number: 10-WS-037**

Dear Mayor Smith:

I am pleased to inform you that the Iowa Department of Economic Development ("IDED") has awarded the City of Leon a Community Development Block Grant ("CDBG") in an amount not to exceed \$500,000 for sanitary sewer collection improvements. IDED has received a final grant award from the United States Department of Housing and Urban Development ("HUD").

Your contract with respect to this award (the "Contract") will have an effective date of the later of April 26, 2010 or the date it is fully signed. The Contract between Leon and IDED will be following shortly. Upon its receipt, please review the document thoroughly, and sign and return it to IDED. With the Contract's return we will execute and return a copy for your files. The receipt of this award is conditioned on compliance with the provisions of the CDBG program for the activity described above and with the Contract.

No HUD funds or non-HUD funds may be committed to the project until the applicant has secured environmental approval from the State, as provided in HUD regulation 24 CFR Part 58. In addition, pending environmental approval and pursuant to 24 CFR Part 58.22(a), no grant recipient or participant in the development process, including contractors or sub-contractors, may undertake an activity that may limit the choice of reasonable alternatives. Such choice limiting actions include real property acquisition, leasing, rehabilitation, repair, demolition, conversion, and new construction. However, you may incur costs for those certain activities that are "exempt" from the environmental review requirements under 24 CFR Part 58.34. These costs include administration, environmental review, engineering, and design. Costs for exempt activities may be incurred as of the date of this letter but cannot be reimbursed by IDED until execution of the Contract.

**IF ANY CONDITIONS CONTAINED IN THIS LETTER ARE NOT SATISFIED IN THE SOLE DISCRETION OF IDED, OR THE CONTRACT IS NOT FULLY EXECUTED BY JUNE 15, 2010, THIS AWARD OF FUNDS SHALL BE RESCINDED, AND NULL AND VOID, AND NO REIMBURSEMENT IS AVAILABLE FOR ANY COSTS INCURRED BY THE CONTRACT RECIPIENT WITH RESPECT TO THIS AWARD.**

If you have any questions, please contact your project manager, Dan Narber at (515) 725-3072 or dan.narber@iowa.gov.

IDED looks forward to working with Leon on sanitary sewer collection improvements once all conditions to the award have been met and the contract is fully executed.

Sincerely,



Bret L. Mills  
Director

cc:       Jeremy Rounds, Southern Iowa Council of Governments  
          File